

RECIPROCAL TRADE

Exchange of notes at Paris May 31, 1932

Entered into force May 31, 1932

Paragraphs B and C modified by agreement of January 19 and 21, 1935¹

Superseded June 15, 1936, by agreement of May 6, 1936²

1932 For. Rel. (II) 232

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

MAY 31, 1932

As a temporary measure and pending a further and more complete agreement between France and the United States upon the subject, the following rules will be observed from today by the French Government in fixing any new quota or restriction upon any product imported from the United States or in renewing any existing quota or restriction:

A. In all matters relating to quotas and restrictions on importations the French Government will assure to the United States most favored nation

¹ Paras. B and C were modified to read as follows:

B. The French Government accepts that the quota fixed for an American commodity shall not be reduced to an amount less than 10% of the total importation of that commodity during the last year where the importation of the said product was not subject to restrictions, when the importation from the United States, during the year cited, has been equal to, or greater than, 10%. Should it be inferior to 10% of the total importation, the quota will be fixed at the level of the importation from the United States in the year cited.

As concerns products subjected to the quota system before January 1, 1934, the year taken into consideration will be the year 1931.

C. The French Government will offer representatives of American industries the opportunity of taking part in conversations between industrials relating to the fixing of quotas when these quotas will be of special interest to American importations into France.

In order to avoid undue importations and the retroactive measures which these may involve, the French Government reserves the possibility of taking, for the duration of these conversations, precautionary measures limiting foreign importations to the figures reached during the corresponding period of the last year prior to their adoption.

The fixing of quotas on agricultural products is not the subject of preliminary private conversations between the interested parties of different countries.

² EAS 146, *post*, p. 997.

treatment, it being understood that the distribution of quotas will depend upon the importations of each country.

B. The French Government accepts that the quota fixed for an American commodity shall not be reduced to an amount less than 10 percent of the total importation of that commodity during the year 1931 when the importation from the United States during the same year 1931 has been equal to or greater than 10 percent. Should it be inferior to 10 percent of the total importation the quota will be fixed at the level of the 1931 importation from the United States. The provisions of the present paragraph do not apply to quotas relating to agricultural or fishery products.

C. The French Government will offer representatives of American industries the opportunity of taking part in conversations between industrials relating to the fixing of quotas when these quotas will be of special interest to American importations into France.

In order to avoid undue importations and the retroactive measures which these may involve, the French Government reserves the possibility of taking for the duration of these conversations precautionary measures limiting foreign importations to the figures reached during the corresponding period of 1931.

The fixing of quotas on agricultural products is not the subject of preliminary private conversations between the interested parties of different countries.

D. Goods en route at the time a quota concerning them is published will not be subject to any embargo. They will be charged against the said quota and, if they exceed it, against the future quotas.

E. The French Government has no objection to the institution of a satisfactory license system for the allocation of industrial quotas among the various importers of the commodities subject to restriction, it being understood that the administration of this system will be intrusted to an organization authorized thereto by the American Government and approved by the French Government and that the latter reserves the right to resume its liberty of action should license not be allocated in such a way as to maintain channels of the trade concerned, it being further understood that this organization will have access to the appropriate French officials to insure the smooth operation of the licensing system.

In so far as agricultural products are concerned the French Government will maintain the license system now administered by the Ministry of Agriculture.

F. The French Government will hold at the disposal of importers monthly statistics showing the status of importations subject to quotas at Paris at the National Office of Foreign Commerce; at Bordeaux, Cherbourg, Le Havre and Marseille at the office of the Chamber of Commerce.

ANDRÉ TARDIEU

The American Ambassador to the Secretary of State

PARIS, May 31, 1932

After considerable negotiation with the French authorities to overcome their objection to the making of a temporary rather than permanent arrangement at this time regarding quotas and to convince them that the matter comes under the heading of routine business and is therefore within the jurisdiction of the retiring Cabinet, I received today a note from M. Tardieu containing as a temporary measure and pending a further and more complete agreement between the two countries a statement of the rules to be observed by the French Government regarding the fixing of any new quota or restriction upon any product imported from the United States or in renewing any existing quota or restriction. The full text of the note will be found in my telegram No. 342, May 31, 7 p.m. I have made formal acknowledgement of the receipt of the communication and stated that it is acceptable to my Government as a temporary measure. It is understood that the arrangement may be canceled at any time without notice by either Government.

The note contains all that you have requested in your telegram number 208, May 27, 2 p.m. In addition, on our insistence, the United States is given most-favored-nation treatment in regard to all matters pertaining to quotas and restrictions. We consider this additional concession very important.

Paragraph B is now the exact text of the third paragraph of B in my telegram 286, May 4, 9 p.m. At my request the French Government has also included the provision in paragraph B by which the American quota would not be reduced below 10 percent of the total French imports in 1931 when the American share of these imports was over 10 percent. This will increase several quotas when renewed, especially radio sets (about 20 percent increase), radio valves (about 45 percent increase). The French refuse to extend this paragraph, as they have consistently done throughout the negotiations, to agricultural importations or fishery products. Our agricultural importations subject to quotas are very small. Of fishery products we are only interested in canned fish of which our quota is already more than 10 percent of the total French imports in 1931, so the application of the present paragraph B is of little concern to us.

Paragraph C is the same as that contained in my telegram No. 283, May 4, noon except it refers to "cases of especial interest" and not those of 25 percent importations. Paragraphs D, E and F are exactly the same as contained in my last mentioned telegram with the exception of the second portion of paragraph E. I understand that you do not wish to supervise the license system of the French Ministry of Agriculture. Therefore, provision is made for that purpose, Ministry to continue the system as it is now administered by that Ministry itself.

Regarding the licenses of industrial quotas the President of the American Chamber of Commerce in Paris tells me that his organization is prepared to take charge of the licensing of industrial quotas but states that the expense will amount to about \$20,000 a year; that the Chamber is not in position to supply these funds and that the French Government will not allow any tax or fee to be collected in France on individual shipments to cover this expense. He suggests that the funds be obtained in one of the following ways.

- (1) From the United States Government.
 - (2) By tax or fee collected on each shipment, probably through the United States Chamber of Commerce in Washington for the account of the American Chamber of Commerce in Paris, or
 - (3) By donations of the various groups of American industrial concerns.
- I assured him that the first proposal was impossible and that we could not participate in the matter of financing.

WALTER E. EDGE